

VZCZCXRO6863
RR RUEHNZ RUEHPB
DE RUEHWL #0479/01 1730530
ZNR UUUUU ZZH
R 220530Z JUN 06
FM AMEMBASSY WELLINGTON
TO RUEHC/SECSTATE WASHDC 2931
INFO RUEHNZ/AMCONSUL AUCKLAND 0799
RUEHSV/AMEMBASSY SUVA 0480
RUEHPB/AMEMBASSY PORT MORESBY 0578

UNCLAS SECTION 01 OF 06 WELLINGTON 000479

SIPDIS

SIPDIS

STATE FOR EAP/PD-AGRIMES, EAP/P-K BAILES, EAP/ANP-DRICCI, INR/R/MR

E.O. 12985: N/A

TAGS: [OTRA](#) [KIRC](#) [OIIP](#) [KPAO](#) [KMDR](#) [OPRC](#) [NZ](#)

SUBJECT: "THERE GOES THE NEIGHBORHOOD": NZ MEDIA SURVEY REGIONAL
SECURITY (CORRECTED COPY)

REF: WELLINGTON 451

11. SUMMARY: The following is a digest of recent regional security reports in the New Zealand media. This cable gives a synopsis of media reporting on sixteen countries in the region, their outline of New Zealand contributions to each of those countries, and/or their assessment of each country's future prospects. The articles cited are:

1A. "Island Propping: NZ bilateral aid in the Pacific and East Timor 2005/6" by Geoff Cumming in the 06/10/06 New Zealand Herald and

1B. "There goes the neighborhood" by Michael Field in the 06/10/06 Dominion Post: END SUMMARY.

12. COOK ISLANDS:

From New Zealand Herald:

NZ BILATERAL AID TO: COOK ISLANDS: \$6.2M

Focus on economic and social development, particularly outer islands. \$2.47m for education including implementing new curriculum, graded readers to improve literacy, school refurbishment and training.

Governance advice to NGOs, public sector

Small business development

Health specialist visits

\$10 million over next 3 years for cyclone recovery.

\$6 million, three-year program in outer islands for infrastructure, including water and power, harbors, runways, markets, cyclone shelters.

\$5 million over five years for sustainable fisheries management.

13. EAST TIMOR:

From Dominion Post:

POPULATION: 1 million.

SUMMARY: In the wake of the 1975 "Carnation revolution," Portugal fled Timor, leaving it to the mercy of Indonesia's army. After the Timorese voted for independence, a bloodbath followed, led by army-organized, anti-independence militias. They destroyed the infrastructure, leading to the Australian-led peacekeeping troops of the International Force for East Timor. On May 20, 2002, East Timor became independent, but having a flag and a national anthem is not all there is to building a nation.

GOVERNMENT: Disintegrating.

MILITARY AND POLICE: Local army and police at war with one another; Anzac, Malaysian and Portuguese forces patrolling. Can the Indonesian army be far behind?

SAFETY: Armed gangs and militia are a constant worry. Foreigners leaving; soldiers going in.

INVESTMENT POTENTIAL: Known to have vast reserves of oil in the

Timor Gap-but Australia has taken most of it.

NZ CRISIS INVOLVEMENT: Military, Police and aid. New Zealand blood spilt.

RISK: High.

From New Zealand Herald:

NZ BILATERAL AID TO: EAST TIMOR: \$4.1 MILLION

Focus on education, community development, governance and capacity-building in public service.

Education, including study awards, English language training.

Governance, including training, human rights action plan, law and order, technical advice, funding for UN volunteers.

Rural development funding

\$500,000 for essential services.

14. FIJI:

From Dominion Post:

POPULATION: 906,000

SUMMARY: Fiji's stability depends on the Iraq War. Hundreds of ex-soldiers work as mercenaries and their remittances, about \$275 million a year, come a narrow second to tourism as Fiji's top earner. If peace breaks out, Fiji faces an army of unemployed mercenaries coming home. Prime Minister Laisenia Qarase has a White Paper coming soon that will slash the military forces-- another East Timor situation? Military commander Voreqe Bainimarama has threatened to bring down the government.

GOVERNMENT: An indigenous-Indian coalition cabinet offers hope.

MILITARY AND POLICE: Since Sitiveni Rabuka's 1987 coups the

WELLINGTON 00000479 002 OF 006

10,000-strong military has been a potential threat. Poorly paid police are under-equipped.

SAFETY: Growing violent crime, especially in tourist areas.

INVESTMENT POTENTIAL: Rich in natural resources, but customary land issues and politics are a downside.

NZ CRISIS INVOLVEMENT: Too risky to send the military; political jaw-jaw is only option.

RISK: Moderate.

From New Zealand Herald:

NZ BILATERAL AID TO: FIJI: \$6M

Five-year program focuses on governance, squatters, poverty.

Education, including teacher training, books, mobile pre-school.

Governance/civil society including funding for legislative reviews, Fiji Human Rights Commission, Women's Crisis Centers.

Housing in squatter settlements.

Rural initiatives including bee-keeping, fishing, small-scale horticulture and goat-farming.

NZ hospital treatment funding

15. FRENCH PACIFIC TERRITORIES:

From New Zealand Herald:

NZ BILATERAL AID TO: FRENCH PACIFIC TERRITORIES: \$625,000.

Mainly for training, in New Caledonia, Wallis and Futuna and French Polynesia

16. KIRIBATI:

From Dominion Post:

POPULATION: 105,000.

SUMMARY: Kiribati is the scene of a strange power struggle between China and Taiwan. A similar tiff was behind the burning of Honiara's Chinatown.

GOVERNMENT: Brothers Anote and Harry Tong are respectively the pro-Taiwan president and pro-China leader of the opposition.

MILITARY AND POLICE: Britain offered Kiribati an army; founding President Iremia Tabai said no thanks.

SAFETY: Boredom and isolation.

INVESTMENT POTENTIAL: None.

NZ CRISIS INVOLVEMENT: Beyond our range.

RISK: Low.

From New Zealand Herald:
NZ BILATERAL AID TO KIRIBATI: \$3.1M
Education including \$1.4 million for university scholarships.
Public sector and legal assistance.
\$100,000 for NZ hospital treatment.

17. MICRONESIA:

From New Zealand Herald:
NZ BILATERAL AID TO MICRONESIA: \$500,000.
Mainly for training, in Federated States of Micronesia, Marshall Islands and Palau.
An additional \$31.7 million was spent on regional projects in the Pacific in 2004/05.

18. NAURU:

From Dominion Post:

POPULATION: 13,000

SUMMARY: For a 21-square kilometer wasteland in the middle of the central Pacific, Nauru causes a surprising degree of international worry. It once sold passports to anyone and played a role as the Russian mafia's banker-- 450 off-shore banks registered to a single government postbox. Now bankrupt, the island's risk factor is in keeping it clear of wild schemes.

GOVERNMENT: Unstable--in 2003 it had six changes of president--but a new reform band is slowing getting the upper hand.

MILITARY AND POLICE: None.

SAFETY: Among the world's sickest people with diabetes, heart failure and alcoholism rampant.

WELLINGTON 00000479 003 OF 006

INVESTMENT POTENTIAL: Australia and New Zealand have already taken all its phosphate.

NZ CRISIS INVOLVEMENT: Unlikely.

RISK: Low, but keep a watch.

19. NIUE:

From Dominion Post:

POPULATION: Something of a mystery, but around 1000, depending on how many fly in and out on the weekly plane paid for with New Zealand aid.

SUMMARY: Premier Young Vivian, who till recently was talking about turning the island into an organic farming paradise, signed a deal in May for a fleet of Malaysian logging bulldozers to clear-fell most of the timber on the island, which is slightly smaller than Great Barrier.

GOVERNMENT: With a 20-seat assembly, Niue has more MPs per capita than any other country.

MILITARY AND POLICE: Little more than an occasional RNZAF base.

SAFETY: Two murders in about 50 years-- one of them was the New Zealand high commissioner in 1953.

INVESTMENT POTENTIAL: Very little.

NZ CRISIS INVOLVEMENT: A colony in all but name.

RISK: Low.

From New Zealand Herald:

NZ BILATERAL AID TO: NIUE: \$18.5M (Niue's status as self-governing in free association with NZ means we are constitutionally obliged to provide economic and administrative assistance).
\$20m over five years for economic development and infrastructure.
\$7.5 million to Niue Government trust fund in 2004/05.
\$270,000 for air service maintenance and tourism.
\$340,000 for vanilla farming
Education support including teacher development, teaching resources, tertiary scholarships.
Cyclone Heta recovery.

110. PAPUA NEW GUINEA:

From Dominion Post:

POPULATION: 5.7 million.

SUMMARY: By all objective measures, PNG is a failed state. Everything is collapsing, from the government to education and health. Australia has unsuccessfully tried, with its "Enhanced Cooperation Programme", to restore order. Intervention on a vast scale is a possibility.

GOVERNMENT: With a general election next year, aging Prime Minister Sir Michael Somare is in survival mode; good governance is off the agenda.

MILITARY AND POLICE: Both the defense force and police are poorly paid and resourced and suffer low morale. In the Sandline mutiny of 1998, the army brought down the government.

SAFETY: Spectacularly dangerous crime, driven by unrelenting poverty, Aids, malaria, tuberculosis and natural disasters, make PNG highly risky on a normal day.

INVESTMENT POTENTIAL: High returns for high risk.

NZ CRISIS INVOLVEMENT: Its troubles threaten to overwhelm New Zealand's military resources.

RISK: High to extreme.

From New Zealand Herald:

NZ BILATERAL AID TO: PAPUA NEW GUINEA (INCLUDES BOUGAINVILLE):
\$13.5M

Country strategy focuses on maternal and child health, education, rural economic development, governance and civil society. NZ also has coordinating role in health.

HIV/Aids programs

Education including indigenous school journal project, training, teacher development.

Fresh Produce Development Agency.

Rural economic development project in Huon Gulf.

WELLINGTON 00000479 004 OF 006

BOUGAINVILLE

Teacher development funding.

Law and justice programs.

Community policing project.

NGO support.

Governance and Implementation Fund.

Leprosy Mission funding

111. SAMOA:

From New Zealand Herald:

NZ BILATERAL AID TO: SAMOA: \$8.2M

Development strategy focuses on strengthened private sector,

agriculture, tourism, community development, student learning and health.

\$2.8 million for tertiary scholarships.

Teacher training.

Small business development.

\$5m over five years on public sector programs.

Visiting health specialists.

¶12. SOLOMON ISLANDS:

From Dominion Post:

POPULATION: 552,000

SUMMARY: Its people have been at war with each other, manipulated by dreadful political leadership. Earlier this year, the locals-led by politicians-burnt down Chinatown, the one prosperous part of the dusty capital of Honiara, prompting a new military intervention. There is brewing discontent in Honiara over continued hard-edged Australian occupation.

GOVERNMENT: Unstable and corrupt, dominated by Australian bureaucrats.

MILITARY AND POLICE: Armed Australian and New Zealand soldiers with local police supported by Pacific officers.

SAFETY: Malaria and crocodiles. Endemic crime, riots and looting common. Chinese leaving, but hardened expatriates staying.

INVESTMENT POTENTIAL: Had lots of timber, but Malaysian loggers nicked most of it. Rich in gold and fish, but in the unrest mines and canneries were targeted. Vast palm oil plantations all ruined by strife.

NZ CRISIS INVOLVEMENT: Military, police and aid.

RISK: High, and more trouble looming.

From New Zealand Herald:

NZ BILATERAL AID TO: SOLOMON ISLANDS: \$18M

\$30m over three years for education programs.

Voter enrolment project pre- election.

Economic advice.

Justice/court assistance.

NGO relief funding.

Small business support.

¶13. TOKELAU:

From New Zealand Herald:

NZ BILATERAL AID TO: TOKELAU: \$25.6M (non-self-governing territory of NZ).

NZAID provides about 80 per cent of Tokelau revenue.

Review of shipping services.

Power project planning and implementation.

Student scholarships.

Cyclone relief.

¶14. TONGA:

From Dominion Post:

POPULATION: 115,000.

SUMMARY: Tonga claims to have the world's highest number of PhDs per capita; most of them don't live there. Its major problem is the royal family who have purloined most of the kingdom's assets. Crown Prince Tupuoto'a is demanding \$47 million for the public power company he took. His appointed prime minister, Fred Sevele, talks of getting a mortgage from China to pay.

GOVERNMENT: Run by corrupt royal family.

MILITARY AND POLICE: The New Zealand- and US-trained, 450 strong Tonga Defense Services is largely a palace guard. Lightly armed, but hundreds of original condition .303 rifles are in storage.

SAFETY: Growing crime.

INVESTMENT POTENTIAL: Any carpetbagger with a scheme-turning sea water into natural gas or investing in Nevada insurance-is welcome.

NZ CRISIS INVOLEMENT: 42,000 Tongans live in NZ. In the event of strife, New Zealand would have to lead any intervention.

RISK: High, after King Taufa'ahau Tupou IV (87) dies.

From New Zealand Herald:

NZ BILATERAL AID TO: TONGA: \$9.8M. Priorities include education, health, economic development, governance, strengthening civil society.

Tertiary scholarships, school leaver training.

NZ hospital treatment.

Water reticulation schemes in villages.

Public sector programs.

Small business and community development

¶15. TUVALU:

From Dominion Post:

POPULATION: 12,000.

SUMMARY: Every year, the island of Funafuti sinks 6.6 millimeters into the Pacific. As Tuvalu sits no more than 5 meters above mean sea-level, this suggests the country has little future. The political leadership is looking to move to Fiji or New Zealand.

GOVERNMENT: No political parties, but regular changes in leadership. Current Prime Minister Maatia Toafa in office since 2004.

MILITARY AND POLICE: No military and small police force.

SAFETY: Very safe.

INVESTMENT POTENTIAL: Almost nothing.

NZ CRISIS INVOLEMENT: If decisions are left too long, the New Zealand

Navy might have to rescue the whole population in the wake of a hurricane.

RISK: low, but watch the weather and the sea.

From New Zealand Herald:

NZ BILATERAL AID TO: TUVALU: \$2.1M

Focus on economic management, education and outer island development. Funding to rise to \$16.5 million by 2007/08 under five-year development program.

\$912,000 to tertiary scholarships and vocational training.

\$85,000 for NZ hospital treatment.

\$350,000 for outer island development funding

¶16. VANUATU:

From Dominion Post:

POPULATION: 209,000.

SUMMARY: On top of tribal and island divisions, Vanuatu remains politically and socially divided between French and English speakers. A bewildering array of political wannabes-the deeply suspicious Barak Sope, francophone Sege Vohor and Maxime Carlot Kormon-swap among themselves as president and prime minister. With high unemployment, a growing squatter population around Port Vila is seen as a long-term security threat. Occasional riots and disturbances break out in Vila.

GOVERNMENT: Completely unstable and corrupt.

MILITARY AND POLICE: Paramilitary Vanuatu Police Force and its mobile wing are known to have caused more trouble for the government than criminals.

SAFETY: Volcanoes regularly go off and shark attacks are common.
Rising crime.

INVESTMENT POTENTIAL: Not good, other than in enclave tourism. Some fishing and agriculture.

NZ CRISIS INVOLEMENT: Watch for a replay of the Solomon Islands.

RISK: Moderate.

From New Zealand Herald:
NZ BILATERAL AID TO: VANUATU: \$7.3M.

WELLINGTON 00000479 006 OF 006

Education funding includes curriculum, resources and training.
Law and order, including NZ judge.
Public service capacity building.
Domestic violence program.
Economic development planning.

¶17. WEST PAPUA:
From Dominion Post:

POPULATION: 2.6 million

SUMMARY: It has all the makings of the next East Timor, except this time Jakarta will not let go. The huge Freeport gold and copper mine is the largest taxpayer in Indonesia.

GOVERNMENT: Indonesia, with regular allegations of human rights abuses and mistreatment of indigenous people.

MILITARY AND POLICE: Power rests with Indonesia's army and Kopassus Special Forces.

SAFETY: A war zone in many places.

INVESTMENT POTENTIAL: Fabulous untapped wealth—who gets it is what the struggle is over.

NZ CRISIS INVOLEMENT: None and politicians are keen to stay clear.

RISK: Moderate to high.

MCCORMICK